



**Transportation Performance Audit Board**  
Review of Performance and Outcome  
Measures of the Washington  
State Department of Licensing's  
Transportation-Related Programs

Volume 1  
Executive Summary  
and Recommendations

***SMG/Columbia Consulting Group***

Final Report

December 17, 2004

Transportation Performance Audit Board  
Review of Performance and Outcome Measures  
of the Washington Department of Licensing's  
Transportation-Related Programs

**Volume 1**  
**Executive Summary and Recommendations**

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## ***I. Executive Summary***

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### ***I.1 Introduction***

- SMG/Columbia Consulting Group was retained by TPAB to conduct a review of the Washington Department of Licensing (DOL)'s Transportation-Related Performance and Outcome Measures.
- This study was completed as part of the TPAB's ongoing oversight of transportation related agencies.
  - In its oversight role, TPAB conducts performance measure reviews and performance audits to ensure that agencies with transportation programs are operating in an efficient and effective manner.
  - TPAB Performance Measure Reviews are used to determine if the legislature has the means to adequately and accurately assess the performance and outcomes of those agencies and departments that deliver transportation related programs.
- Our review focused only on programs that receive transportation funding. The original scope of the review was limited to the Driver Services and Vehicle Services Divisions and the transportation program support functions of the Information Services Division. We added two Administrative Services Division functions that are directly related to transportation services: the Customer Service Center (Call Center) and Revenue Accounting.
- This report is presented in four volumes. (See section I.3 for a description of each volume.)

### ***I.2 Methodology***

- The SMG work plan consisted of six tasks that are briefly described below. (More detailed descriptions of our methodology appear in each of the remaining three volumes of our report.)
  - **Task 1 – Initiate and administer the project.**
  - **Task 2 – Collect and review background information.** SMG collected, reviewed, and catalogued all documents relevant to DOL's transportation-related strategic planning, budgeting and performance measurement.
  - **Task 3 – Interview management and staff.** Initially, SMG conducted structured interviews with twenty-four DOL managers and staff and other key individuals involved with the legislative process. We then conducted follow-up interviews to understand the use of specific performance measures and reports.
  - **Task 4 – Survey other states to identify and compare use of benchmarks and performance measures.** SMG surveyed the Missouri Department of Revenue Division of Motor Vehicle and Drivers Licenses, Tennessee Department of Safety Motor Vehicle Services, and the Virginia Department of Motor Vehicles to understand how they use performance measures and benchmarks. We then compared the survey agencies' use of measures and benchmarks with DOL.

- **Task 5 – Evaluate the performance measurement and management system.** We evaluated DOL's performance management system, performance reporting, and measures relative to evaluation criteria derived from industry best practices and SMG's experience in helping government agencies develop and implement performance management systems. As part of Task 5, we identified and categorized the DOL's oversight and operating performance measures and examined a sample of 56 measures in detail.
  - **Task 6 – Prepare draft and final reports.** SMG compiled all of the data collected and developed overarching findings and recommendations for improving DOL's performance measurement systems and processes.
- Key features of our methodology included:
- Structured research based on interview guides and evaluation criteria to develop a complete database from which to draw conclusions.
  - Documentation of the wide range of data collected in report appendices to provide support for the statements and conclusions made in our report.
  - Delivery of bi-monthly status reports and two interim deliverable reports with preliminary findings to TPAB. The intent of these interim deliverables was to keep TPAB abreast of progress and to gather input from TPAB regarding report form and content prior to the delivering the final report.
  - Development of a collaborative relationship with DOL to facilitate an open and efficient fact finding process and to ensure findings are interpreted accurately. Without DOL's cooperation, SMG would not have been able to conduct this review within the timeframes required.

### ***1.3 Organization of the Final Report***

Because of the substantial volume of information to be presented, we are delivering the final report in four separate volumes. They are:

**Volume 1: Executive Summary and Recommendations** – This summary volume provides an Executive Summary of the entire four-volume report and presents recommendations for improving DOL's performance management and measurement practices.

**Volume 2: DOL Performance Measurement Practices** – Volume 2 describes the document review and interview methodology, answers to TPAB questions about current practices, and provides preliminary findings from the document review and interview process. (Volume 2 was presented as Interim Deliverable #2 on November 5<sup>th</sup>, 2004.)

**Volume 3: Use of Performance Benchmarking in Other States** – Volume 3 describes the benchmark survey methodology, answers TPAB questions about performance measurement practices in other states, and summarizes findings from our survey of state agencies in Tennessee, Missouri and Virginia. (Volume 3 was presented as Interim Deliverable #3 on November 12, 2004.)

**Volume 4: Evaluation of Performance Management and Measurement** – Volume 4 describes the overall evaluation methodology, answers TPAB questions about the efficiency and effectiveness of DOL's transportation-related program performance management practices, and summarizes our evaluation of DOL's performance

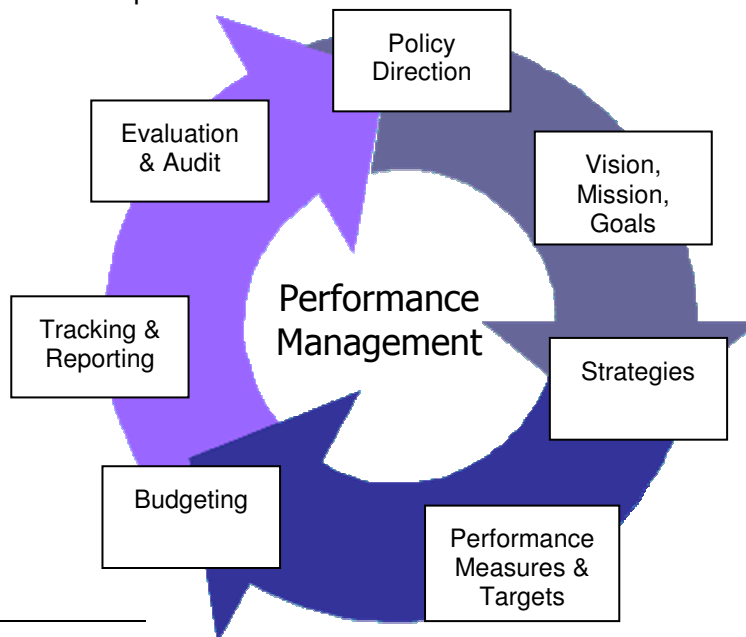
measurement systems, reporting, and measures. (Volume 4 is also Interim Deliverable #4 as described in our proposal.)

Each volume includes its own set of appendices to support the report's findings.

## ***1.4 Definitions***

Throughout the four volumes of the report, we will use the following terms:

- A **performance measure** is a measure that describes how an organization functions, operates or behaves. Performance measures describe the outputs, efficiency, effectiveness, timeliness and outcomes of specific processes and services. They can also be used create an overall picture of an organization, examining it from financial, customer, process, and learning and growth perspectives.<sup>1</sup>
- An **outcome measure** is a specific type of performance measure that monitors the change in or benefits to customers that directly result from a particular product or service.
- A **benchmark or baseline** is a measurement of performance against a specific reference point or standard. We will use the terms “benchmark” and “baseline” interchangeably in this report.
- A **target** is a desired level of performance to be achieved within a specific period of time.
- **Benchmarking** refers to the practice of comparing the performance of an agency to that of similar agencies with similar work processes.
- A **performance management tool** is a report, spreadsheet, data base or similar tool that is used to support performance measurement and management.
- **Performance management system** refers to the relationship of all of the elements of strategic planning, budgeting and performance measurement, and how they are linked to drive performance improvement.



<sup>1</sup> Adapted from Government Accounting Standards Board (GASB) guidelines and concepts presented in “The Balanced Scorecard – Measures that Drive Performance” by Robert S. Kaplan and David P. Norton, Harvard Business Review #92105, January-February 1992.

- **Oversight measures** are those that are reported to the Governor, Legislature, other oversight agencies or the public on a regular basis.
- **Operating measures** are measures that are used for the internal monitoring and management of the agency.

## ***1.5 Summary of Findings***

In each of the remaining volumes of this report we present findings to answer the 20 specific questions posed by the TPAB in its Request for Proposals. Because of the sheer quantity of information presented, we did not attempt to duplicate these questions and answers here. This section summarizes some of the most important findings, by groups of questions, from SMG's review of DOL's transportation program performance measurement practices.

### **Legislative Mandates**

#### *TPAB Questions:*

*Has the Legislature established clear mandates, strategic plans, mission statements and goals and objectives? Are the vision, mission, goals and objectives of DOL's major programs clearly established, and are they consistent with legislative mandates and directions? How are legislative mandates used to conduct DOL activities? Do managers and staff understand the linkages between performance measures and legislative, executive and DOL mandates? Are the DOL's published performance and outcome measures consistent with legislative mandates, department strategic plans, mission statements, and goals and objectives?*

- RCW 43.88.080 creates certain requirements for state agency strategic plans and performance measures. Each agency must define a mission, establish measurable goals, present clear strategies and timelines to achieve goals, and define outcome-based, measurable objectives for each program in its budget. It is also legislative policy that each of the agency's budget proposals be linked to the agency's stated mission and vision, and that performance measures should be included to facilitate objective determination of a program's success in achieving its goals.
- DOL's vision, mission, goals and objectives are clearly presented in the Department of Licensing's 2005-07 Strategic Plan. The Strategic Plan is consistent with the statewide results areas identified in the State of Washington's Agency Activity Inventory and the Priorities of Government, and the strategies are in keeping with legislatively mandated activities.
- Performance measures that accompany budget decision packages do not typically describe the performance improvements expected as a result of the investment being proposed. Most measures presented in budget packages are workload measures instead of true performance measures.
- The DOL's performance measures in the Agency Activity Inventory align with the Washington State Priorities of Government. The arrangement of measures in the Agency Activity Inventory does not clearly demonstrate a linkage to the agency goals and objectives. The most recent version of the Strategic Plan does not include performance measures. Performance measures were submitted with the budget request according to the Office of Financial Management's guidelines.

- The agency has not yet developed systematic linkages between strategic planning and performance management. It is not always clear how agency and program measures are aligned and how strategies relate to performance measures and outcomes.
- DOL Administrators and Managers understand the linkages between DOL strategies and legislative mandates. Interviews suggest that they do not fully understand the linkages between performance measures and DOL mandates. The DOL is addressing this issue through a manager and supervisor performance management training program called “Three Steps to Performance Transformation,” launched in the Spring of 2004.

## **Performance Management/Use of Performance Measurement**

### *TPAB Questions:*

*How are strategic plans and performance measures used for DOL management purposes? How is performance data used to make planning and operational improvements? How are programs using performance and outcome measures to manage resources in an efficient and effective manner? Is data being used to improve the Department’s organization, budget planning and allocation of resources?*

- DOL has not developed a standard and repeatable process for strategic planning and performance measurement that is widely understood and embraced by agency staff and management. It is likely that the continually changing strategic plan requirements and performance management directions, methods and tools used by the State of Washington over the past few years has created some confusion for the agency.
- DOL has made great strides in improving its use of performance measures for internal management since 1999.
  - The agency has introduced many performance management tools and practices, and has already achieved measurable improvement in performance from these efforts. Some notable examples include: reduced customer wait times at Licensing Service Offices, improved telephone customer service, and reduced Driving Under the Influence (DUI) hearing dismissal rates.
  - Working with T.S. Marshall Associates, the Vehicle Services Division has identified a set of operating performance measures and has created a spreadsheet-based repository for its measures, benchmarks, targets, and performance results.
  - All levels of management in Driver Services receive reports from the Workload Model. This model provides data on customer wait times, staff utilization, drive test wait times and pass rates that are used to manage workload and staffing in Licensing Service Offices.
- Performance measurement practices vary between divisions and programs, though all transportation related programs are using or developing some type of performance management tool.

## Legislative/Oversight Reporting

### TPAB Question:

*How are performance data reported to the Legislature for policy development and resource allocation?*

- There is not a single set of oversight measures, or measures that are designed for regular reporting to the public, the Legislature and its entities or the Governor.
- Currently, DOL responds to individual requests for performance information from oversight stakeholders on an ad-hoc basis. Most external entities that require information from DOL ask for very specific statistics such as number of documents processed or amount of revenue collected and not performance reports.
- In the budget request, the Agency Activity Inventory lists expected results for each major activity area.
  - The Agency Activity Inventory format was designed by the Office of Financial Management and is intended to become the primary oversight performance reporting tool for all State agencies. This report is still under development.
  - The first draft of the Agency Activity Report presented in the DOL 2005-2007 budget request includes 73 measures that could qualify as DOL's "oversight" measures for transportation related programs.
  - Agencies are anticipated to begin reporting Agency Activity Inventory data in first quarter of 2005.
- The budget decision packages (in the budget request) contain outcome, output, and efficiency performance measures that are intended to demonstrate the expected results of the proposed funding request.
- The Governor's Office uses the Governor's Performance Agreements as its primary oversight tool for State agencies.
- TPAB does not currently require or receive any standard performance reports from DOL. DOL's reports to TPAB have been in response to specific information requests.

## Performance Measures and Data

### TPAB Questions:

*How well are performance measures constructed? Are measures valid (explicitly linked to a specific goal or objective), well-specified and controllable? Is performance measure data reliable and verifiable? Do managers and staff have confidence in the validity, reliability, and timeliness of the measurement data that they produce and/or use? Are the measures as a whole comprehensive yet concise, understandable, affordable, and timely? How are performance measures used to measure customer satisfaction with agency services?*

- Our review of a sample of 56 operating measures revealed that, for the most part, DOL's measures are valid and performance data are verifiable and reliable. Most measures are also controllable; that is, the agency can control the performance or desired outcome.



- In most cases, DOL's measures are not considered to be well-specified because they are not formally documented.
  - There is no formal record of each measure's definition, assumptions, data sources, or calculation even though the "measure owner" may understand the measure and its computation very well. (Information Services Division and the Customer Service Center are exceptions. Measures for these areas are well-specified in Service Level Agreements.)
  - Lack of documentation could lead to misinterpretation of a measure or loss of knowledge if the measure owner leaves the organization.
  - Vehicle Services Division is making a concerted effort to document each of the measures identified in its Performance Management & Reporting or PM&R tool.
  - The Driver Examining Workload Model is being updated with the intent to also include better documentation of its measures and calculations.
- Collectively, DOL's oversight and operating measures do not include a balance of measures from all major categories (outcome, financial, customer, process, cost, quality and timelines, and learning growth measures):
  - Nearly half of all DOL's oversight measures and a significant number of operating measures are workload measures. These describe the volume of products or services produced by the agency rather than its true performance.
  - There are relatively few measures describing cost per service delivered or efficiency of service delivery.
  - Service quality in the LSOs is not currently being monitored in a systematic sense. Supervisors rely on personal observation to assess service quality.
- Customer satisfaction is a key performance focus of the DOL, and the Department has traditionally maintained a high customer satisfaction rating according to its surveys. Yet, customer surveys are done infrequently, about once every four years.
  - The most recent random sample of LSO customers was performed in 2001. Surveys were also completed by the DOL in 1995 and the Business Technology Assessment Project, or BTAP, in 1997.
  - The agency plans to conduct another survey in 2005.
  - Customer comment cards provide regular feedback to both LSO staff and vehicle field agents and subagents; however, they are not good indicators of the "average" customer's opinion and cannot be used to make generalizations about overall customer satisfaction.

## **Performance Reporting**

### TPAB Questions:

*How are managers and staff using performance measurement data and performance reports? Are program reports being used by their targeted user groups? Are the program's current reporting requirements contributing to the efficiency of the Department and are they cost-effective?*

- DOL's primary performance measurement oversight report, the "Agency Activity Report", is still under development. Performance measures for this report were identified as part of the 2005-2007 budget process. The Office of Financial Management (OFM) will require agencies to enter performance results for the measures on a quarterly basis beginning the first quarter of 2005.
- The formats of DOL internal performance reports are generally clear and understandable. Managers have done a good job using Excel to reformat data from production systems and manual data collection into user friendly reports that provide some good information. Most performance data come from a production system or manual counts and are entered into Excel spreadsheet reporting tools.
- DOL has made significant progress in developing a variety of reports and tools that are used to accomplish each of the functions that make up "performance management" (see earlier graphic).
- Tools and reports have typically been developed to fulfill a specific purpose and have not been viewed as part of a "system." Currently the linkages between the strategic plan, budgeting process, and performance measures are not clear and there is a lack of coordination among the various tools and processes in place.
- Investments being made in developing performance tools and reports are not excessive. Some of the agency's performance reporting could be made more efficient or cost-effective, for example:
  - In several cases, data are manually entered from one management report into another report, Access database, or Excel spreadsheet.
  - Some reports have overlapping data, and are prepared without regard to each other. These include the Licensing Business Review and Performance Agreements, for example.
  - Because there is no single set of oversight measures, the agency must often produce custom reports for its various stakeholders.

## **Information Technology**

### TPAB Question:

*Is the Department's Information Technology capability adequate to provide management information necessary to monitor the program's performance benchmark data?*

- Except in Vehicle Services, there is no central repository for performance measures and data. Data are maintained in various reports and tools.

- The DOL's Information Services Division appears to be well-positioned to support improvements in performance data management and reporting.
  - In February of 2002, the DOL re-organized its information services so that cross-divisional staff report to a Chief Information Officer.
  - The Division has adopted the Software Engineering Institute's Capability Maturity Model, or CMM to improve and standardize its software development practices.
- DOL is in the process of writing a Request for Proposal for a Business Intelligence System, or "Data Cube" that is intended to address management and performance reporting needs and to make data for analysis more clearly defined and readily available. It is expected this process will require significant effort to define information gaps, automate current reports, and gather additional performance data.

## Performance Benchmarking

### TPAB Questions:

*How is performance benchmarking used in other states? How do these practices compare with those used by DOL? What "best practices" can be found in other agencies? Has the Department established clear performance benchmarks, standards, or acceptable levels of performance for assessing the overall performance of its programs? How are benchmarks established? Are they compared to external standards?*

- Each of the surveyed agencies (Missouri Department of Revenue, Tennessee Department of Safety, and Virginia Department of Motor Vehicles) maintains a clearly identified set of oversight measures that are reported to the Governor, Legislature, other oversight agencies or the public on a regular basis. Each of the oversight measures includes a benchmark or baseline value that is used as a reference point for comparison to current performance. Most measures also include targets, or a desired level of performance to be reached within a specific period of time.
- In comparison, DOL's use of performance measures and benchmarks is under development. As mentioned earlier, the agency does not have a clearly identified set of oversight measures that it uses for all external reporting purposes. DOL has made significant progress in identifying operating performance measures, and is beginning to set benchmarks/baselines and targets. As of yet, the DOL does not make routine comparisons to peer agencies, but does compare information system and administrative call center performance data to industry standards.
- The survey revealed some "excellent practices":
  - Survey agencies recognize the importance of planning and performance measurement. Missouri DOR, for example, has made strategic planning and performance measurement part of its culture.
  - Oversight measures are clearly identified. There is no speculation about which measures should be monitored and reported.
  - The oversight performance measures are stable over time, so that actual performance against benchmarks and targets can be tracked and compared.
  - There is a process for replacing or adjusting measures, benchmarks, and targets so that these are not changed arbitrarily.

- Measures and performance are published on agency and/or state web sites. The best are easy to find and use by oversight agencies and the general public.
- Measures are linked to strategic plans and budgets. The same measures can be found in each oversight document, so there is little or no confusion about the measurements or their objectives.
- Where possible, benchmark or baseline performance is compared to that of peer agencies on a regular basis.

## **In General**

- The DOL is making significant progress in identifying operating performance measures and creating a performance management system.
- There are opportunities for the DOL to continue to improve its strategic planning and performance management practices.
- We found no reason to recommend a performance audit of the DOL transportation-related programs at this time. SMG did not find any indication of performance reporting issues that would significantly misrepresent transportation program performance. In our research we did discover two areas of concern that are already being addressed by the agency – see Section III of this report.

## ***1.6 Summary of Recommendations for Future Improvement***

SMG offers the following recommendations to improve performance and outcome measurement at the Department of Licensing. (These recommendations are presented in more detail in Section II of this volume of the report.)

### **1. The DOL should develop a concise, balanced set of oversight measures that remain stable over time.**

- The DOL should develop a concise, balanced set of oversight measures that are directly linked to agency goals, objectives and strategies as described in the DOL's Strategic Plan.
- Measures should be selected so that they can remain relatively stable over time.
- Each oversight measure should include a benchmark/baseline and one or more targets to be achieved within a specific period of time. There should be a process in place for updating benchmarks/baselines and targets that does not compromise comparison of the data over time.
- Oversight measures should be published and available for public review.

### **2. The TPAB and DOL should develop a standard TPAB performance report.**

- The Transportation Performance Audit Board (TPAB) should collaborate with the DOL to design a concise performance report for its transportation-related programs.
- The report should be produced at agreed upon intervals and monitor a short list of performance measures that remain fairly constant over time. Ideally, these measures would include some or all of the DOL's oversight measures (see Recommendation #1).
- The report should include:

- Actual performance of each measure compared to its benchmark/baseline and target(s).
- The purpose of each measure and how it relates to goals, objectives and strategies.
- A short narrative describing how the measures relate to one another.
- A short narrative explaining actual performance relative to targets.
- Description of strategies for improving performance on key performance measures. Strategies should have targets for how they are expected to impact performance. If an investment is required, define the investment amount.

### **3. The DOL should continue to make investments in its performance management systems and processes.**

- The DOL should evaluate and standardize performance reports that are used by the Assistant Directors and Program Administrators in the Divisions of Driver Services and Vehicle Services.
- The DOL should strengthen the relationship between performance measurement and Performance Agreements.
- The DOL should balance its operating performance measures to monitor the trade-offs between cost, quality and timeliness.
- The DOL should identify ways to measure the cost of providing services to customers.
- Vehicle Services Division should re-evaluate its comprehensive list of operating measures after a period of using them.

### **4. The DOL should develop a standard and repeatable strategic planning process that links strategic plan, budget and performance measures.**

- Using Office of Financial Management guidelines and building upon experiences with recent plan development, the DOL should develop a standard and repeatable strategic planning process that is linked to budgeting and performance measurement processes.
  - The process should describe timeframes, roles & responsibilities
  - The process should be documented and communicated to all parties
- DOL should use a consistent set of performance measures for all published products, including the strategic plan, the budget, and any annual reports that are produced. Ideally, these measures should be a subset of the oversight measures that the agency will develop. (See Recommendation #1.)
- DOL should integrate strategic planning and performance measurement processes.
- DOL's strategic plans should include performance measures that are clearly linked to agency goals, initiatives, or strategies.
- DOL should ensure that performance measures are an integral component of agency budget requests.

**5. DOL should make measurement of customer satisfaction a part of its normal operations.**

- DOL should conduct a regular (at least annual) assessment of customer satisfaction at each Licensing Service Office (LSO) and at all vehicle licensing venues (County Auditors, subagents, and the “County 40” counter in Olympia.)
- DOL should systematically collect, summarize and distribute findings from comment cards to LSOs.

**6. The DOL should create a central repository for performance measures and related documentation.**

- The DOL should create a central repository for its oversight measures and data.
- The DOL should create repositories for the primary operating performance measures and data used by the Driver Services Division, Information Services Division, and Administrative Services Division.
- The DOL should fully document measure definitions, assumptions, data sources and calculations.

The DOL should make performance measures, data, and documentation available to management and staff via the agency intranet.

## ***II. Recommendations for Future Improvement***

The following tables present SMG's recommendations for improving performance and outcome measurement for the Department of Licensing's transportation-related programs:

### ***Recommendation #1 – The DOL should develop a concise, balanced set of oversight measures that remain stable over-time.***

#### **Description:**

- The DOL should develop a concise, balanced set of oversight measures.<sup>2</sup>
  - Oversight performance measures should be selected in order to “tell the story” of the Agency’s success in achieving its strategic objectives.
  - Every measure that is included as a strategic oversight measure should be crafted as a true “performance measure” rather than a “workload measure.”
  - The set of measures should represent most if not all major measure categories, including revenue-generation, social outcomes, customer-related measures, process measures (efficiency, effectiveness, and timeliness) as well as learning and growth-related performance measures.
  - The oversight measures should include strategic outcome measures and also measures for the key processes and investments that ultimately result in achieving the overall strategic outcomes. For example, if one of the major strategic objectives (and measures) is to reduce the number of traffic-related deaths in the State, then there should be one or more measures that indicate the effectiveness of strategic processes designed to promote this outcome (e.g., reducing the error rate associated with the removal of licenses from different categories of problem drivers). Further, if there are investments being made in employees, the organization and/or technology to enhance these processes, then a measure or measures should be included to reflect the Agency’s performance in these areas as well.
- Measures should be directly linked to agency goals, objectives and strategies as described in the DOL’s Strategic Plan. Linkages between oversight measures and the Strategic Plan should be clearly articulated.
- Measures should be selected so that they can remain relatively stable over time. This is extremely important for comparing performance from year to year.
- Oversight measures should be published and available for public review. OFM is investing in developing a web-based repository for performance measures that could be used for this purpose.

<sup>2</sup> While this report focuses on transportation-related activities of the DOL, we believe that this recommendation should be applied to the agency as a whole.

**Potential Benefits:**

- DOL will be able to communicate performance levels more effectively to external stakeholders and the public.
- The oversight measures will provide a focal point for the entire agency and build on current efforts to eliminate divisional silos.
- A smaller number of stable measures should require less effort to update and track.
- Well-selected measures can be used regardless of the format that the Governor and the Office of Financial Management choose to present them in.

**Supporting Findings**

- The Agency Activity Inventory (AAI) is intended to be the standard statewide repository for performance measures for all state agencies. Agencies will begin reporting performance on AAI measures in the first quarter 2005. (Vol. 4)
- Currently, DOL lists 73 transportation-related oversight measures in the AAI. (Vol. 4)
- The majority of “oversight” measures in the AAI are workload and revenue amounts. While many of these workload/volume measures, including many of the revenue generation-related measures, are strategic in nature, they are not expressed in terms of “performance measures.” (Vol. 4)
- Agencies that have been recognized for excellent performance management practices (Missouri Department of Revenue, Tennessee Department of Safety, and Virginia Department of Motor Vehicles) each maintain a balanced set of oversight measures. (Vol.3)

**Project Scoping****Urgency:**

High – it would be good to develop the measurement system before reporting begins with first quarter 2005 data.

**Estimated Difficulty:**

Medium – developing a long list of measures that describe all agency activities is easier than agreeing on only a few measures intended to represent the work of the agency.

**Implementation Timeframe:**

In time to report 1<sup>st</sup> quarter 2005 data.

**Suggestions for Implementation:**

- Using measures that are a consolidation or roll-up of division measures can be a good way to reduce the total number of measures in the presentation.
- An example of the types of oversight performance measures that might be appropriate for DOL appears in Exhibit V1-a.



**Exhibit V1-a**  
**Examples of Potential Transportation-Related Oversight Measures**

Measure Definition	Target	Type	In Place ?	Reporting Frequency
Revenue generated annually (net of all returns and adjustments).	Min. of \$1.5 billion	Financial	Yes	YTD Qtrly
Reduction in NHTSA fatality rate per 100 million vehicle miles traveled.	Un-known	Social Outcome	Yes	YTD Qtrly
Percent of suspects apprehended for identity crimes.	Un-known	Social Outcome	Yes	YTD Qtrly
Reported dollar amount of financial losses due to driver's license fraud.	Un-known	Social Outcome	Modified	YTD Qtrly
Number of registered organ donors as of fiscal year end.	Min. of 747,000	Social Outcome	Yes	YTD Qtrly
Composite customer satisfaction survey results (all divisions). <sup>3</sup>	To be determined (TBD)	Customer	No	YTD Qtrly
Percent of citizens seeking services in licensing offices with a wait time of 20 minutes or less.	TBD	Customer	Modified	YTD Qtrly
Percent of all transportation-related products/services that are available to citizens over the Internet.	TBD	Customer	Modified	YTD Qtrly
Percent of licenses/applications/payments/etc. processed within specified timeframes.	TBD	Process	Composite	YTD Qtrly
Percent of licenses/applications/payments/etc. processed requiring re-work and/or containing errors.	TBD	Process	Composite	YTD Qtrly
Total cost per customer served various transactions (field delivery, headquarters delivery, internet delivery)	TBD	Process	Partially	YTD Qtrly
Percent of licenses/applications/payments/etc. categories processed within fully burdened cost per unit targets.	TBD	Process	No	YTD Qtrly
Percent of total vehicle and vessel license renewals processed online.	TBD	Process	No	YTD Qtrly
Percent of full time/regular DOL employees, employed as of fiscal year-end, that complete their annual training and development plans as of fiscal year-end.	TBD	Learning & Growth	No	YTD Qtrly
Percent of planned technology introductions implemented and fully operational as of fiscal year-end.	TBD	Learning & Growth	No	YTD Qtrly
Percent of full time and regular DOL employees, employed as of fiscal year-end, that state that they find their jobs to be rewarding.	TBD	Learning & Growth	No	Annual

<sup>3</sup> Could be as simple as rolling up all existing survey results into a single composite value.

***Recommendation #2- The TPAB and DOL should develop a standard TPAB performance report.***

**Description:**

- The Transportation Performance Audit Board (TPAB) should collaborate with the DOL to design a concise performance report for its transportation-related programs.
- The report should be produced at agreed upon intervals and monitor a short list of performance measures that remain fairly constant over time. Ideally, these measures would include some or all of the DOL's oversight measures (see Recommendation #1).
- The report should include:
  - Actual performance of each measure compared to its benchmark/baseline and target(s).
  - The purpose of each measure and how it relates to goals, objectives and strategies.
  - A short narrative describing how the measures relate to one another.
  - A short narrative explaining actual performance relative to targets.
  - Description of strategies for improving performance on key performance measures. Strategies should have targets for how it is expected to impact performance. If an investment is required, define the investment amount.

**Potential Benefits:**

- This collaborative effort should produce a report that meets TPAB's ongoing needs for performance information while ensuring that DOL's effort to produce the report is not extraordinary. Measures could be selected from those that DOL's new oversight measures (from Recommendation #1) or measures that it currently uses for management purposes.
- The process of developing the report should result in a common understanding of TPAB interests and priorities.
- TPAB will receive a performance report that contains the same measures over time, so it will be easier for members to understand the data presented.
- The report can be independent of changing State oversight reporting requirements.
- This regular report should reduce the need for DOL to produce ad-hoc reports for TPAB. Analysts should not need to develop a "net new" presentation on a regular basis.

**Supporting Findings**

- TPAB needs to oversee many transportation programs in many agencies. Reporting needs to be concise and easy to understand so that the TPAB can manage their workload and focus on priority issues. (Vol. 2)

### Supporting Findings (continued)

- TPAB does not currently receive regular performance reports from DOL's transportation programs. Asking for and producing ad hoc reports is time consuming for the requestor to clearly define information needs and the agency responding with new analysis. (Vol. 2)
- DOL oversight measures that contribute to the State's Agency Activity Inventory are voluminous. They do not address TPAB's narrower scope of concerns. (Vol. 3)

### Project Scoping

**Urgency:**

Medium

**Estimated Difficulty:**

Low

**Implementation Timeframe:**

Short-term – implemented within 1 year

**Suggestions for Implementation:**

- The TPAB performance report design should be a collaborative effort. TPAB should work with DOL to explain its oversight needs. Likewise, DOL should help to identify performance measures and data that can best meet these needs without taxing the DOL's reporting capabilities.
- The oversight measure examples in Exhibit V1-a could be used as a "straw-man" discussion tool for what a set of balanced oversight measurements might look like.

***Recommendation #3 – The DOL should continue to make investments in its performance management systems and processes.***

**Description:**

- The DOL should evaluate and standardize performance reports that are used by the Assistant Directors and Program Administrators in the Divisions of Driver Services and Vehicle Services.
  - The agency should examine relationships between the various reports and eliminate duplication and overlap.
  - Performance reports should better express the trade-offs between cost, quality and timeliness of processes.
  - Operational performance management tools need to clearly communicate the links to agency strategy. The performance measurement system should help to link the DOL's strategy with day-to-day operations.
  - The performance reports should demonstrate alignment of activities towards common agency goals.
- The DOL should strengthen the relationship between performance measurement and Performance Agreements.
  - Agency performance measures should measure activities currently reported in the Director's, Assistant Director's and Program Administrator's Performance Agreements.
  - Oversight and/or operating performance measures should appear in Performance Agreements.
- The DOL should balance its operating performance measures:
  - Performance measures at the agency, division and program levels should include measures of outcome, process, and agency learning and growth.
  - The DOL should work to identify measures that are under-represented, including measures of cost and efficiency.
- The DOL should identify ways to measure the cost of providing services to customers.
  - DOL should develop measures of the cost of delivering products and services through the various delivery channels, including field, headquarters, and the Internet. This will require making assumptions about the cost to DOL of supporting Vehicle Services agents (County Clerks) and subagents.
  - DOL should incorporate the cost per product/service that is already calculated in its Driver Services and Vehicle Services Fee Studies into internal management reports to assist in service delivery cost analysis and setting service delivery cost targets.
  - The agency should continue its work to develop agency-wide administrative cost allocation guidelines with an eye toward recognizing the fully-loaded costs of providing services.
  - In the future, the agency may also want to consider measuring the actual cost to customers (in time and fees) of selected products/services.

**Description: (continued)**

- Vehicle Services Division should re-evaluate its comprehensive list of operating measures after a period of using them. From our experience, it is typical for an organization to begin with far too many measures and then to reduce them to a more manageable number.

**Potential Benefits:**

- More streamlined performance reporting and elimination of duplication of effort.
- Better communication of the linkages between strategic initiatives and performance results to stakeholders and staff.
- Reduce potential for encouraging unintended behaviors with lop-sided measures. For instance, the focus on wait time has been effective in improving customer service in terms of wait time at Licensing Service Offices, however, interviews reveal that some Office supervisors may take the measure too literally and forsake service quality to attain wait time goals.
- Well thought out and complete requirements definition for the Business Intelligence application that is being acquired to support performance management and analysis.

**Supporting Findings**

- Oversight performance measures in the Agency Activity Inventory linkages to the strategic plan are not clearly identified. (Vols. 2 and 4)
- There is no direct relationship between agency performance measures and the Performance Agreements between the Director, Assistant Directors, and Program Administrators. The Performance Agreements are the primary tool for creating accountability for completion of strategic initiatives and for creating alignment among division and program activities. (Vol. 4)
- DOL has many processes, tools and reports that have been used to improve performance, create accountability and manage day-to-day operations. Each process or tool was developed to fulfill a specific need. As a result, there are no apparent relationships between all of the processes and tools that are in use, and there is some duplication and overlap among them. (Vols. 2 and 4)
- Program management performance monitoring tools have been developed individually to meet the specific needs of the program manager/administrator. Even though linkages can be derived with careful analysis, the link between operational management tools and the strategic plan is not apparent. (Vol. 4)
- Some programs do not use a well balanced mix of performance measures. The Driver Examining Workload Model is very heavily focused on wait time. Cost of service and quality are not included in this report. Driver Responsibility only reports turnaround times and some document backlogs. (Vol. 4)

### Supporting Findings (continued)

- The Vehicle Services Division is in the process of developing a comprehensive performance management reporting tool. Currently the Division has identified more measures than may be practical to track. (Vol. 4)
- DOL is tracking too many workload measures in relationship to real measures of performance. Cost and efficiency measures are under-represented. (Vol. 4)
- DOL does not have many measures of the cost of providing services to customers. At the request of the Legislature, the agency prepares Fee Studies for both Driver Services and Vehicle Services. Driver Services does not currently use the underlying cost information in the Fee Study for management of its operations. Vehicle Services is beginning to use its cost data.
- DOL has tasked a newly-hired Comptroller with developing a cost allocation model. (Vol.4)
- Driver Services does not use its Fee Study for operating purposes. Vehicle Services is beginning to explore the use of Fee Study costs for performance management purposes. (Vol. 4)

### Project Scoping

**Urgency:**

Medium

**Estimated Difficulty:**

Medium

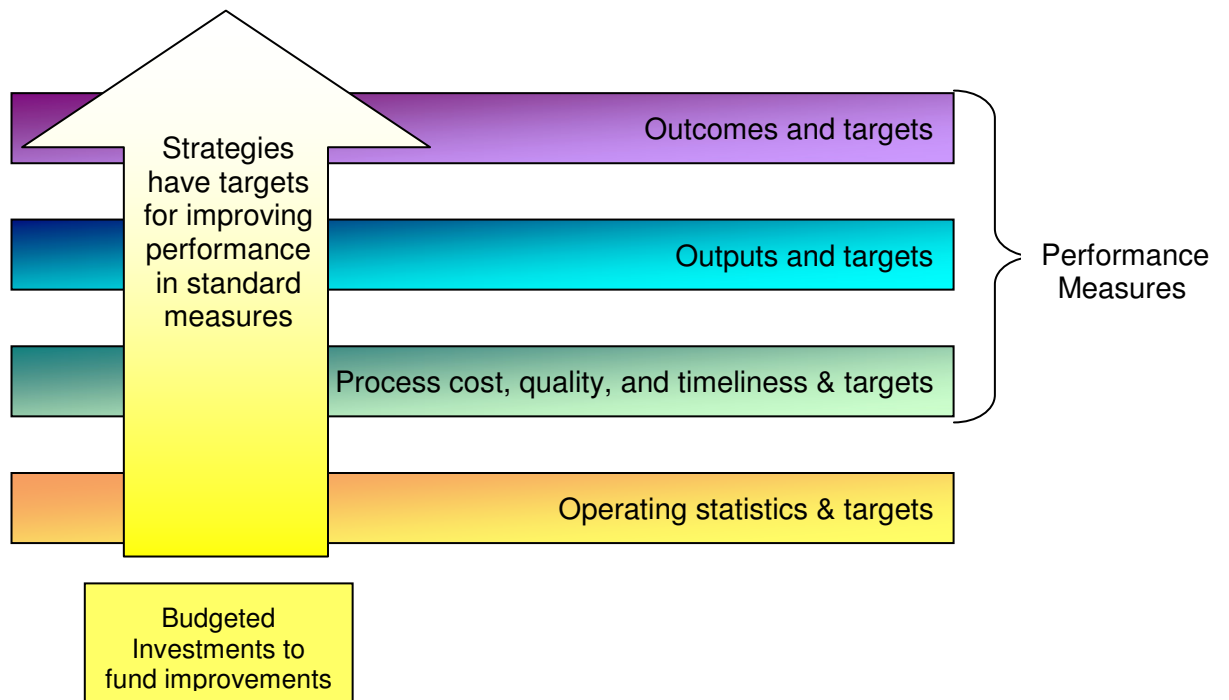
**Implementation Timeframe:**

Ongoing. It would be desirable to solidify the vision for performance management as soon as possible so that vision can be included in the requirements for the business intelligence application requirements.

**Suggestions for Implementation:**

- Develop a detailed project work plan for designing the performance management system. Pursue the project at a practical pace – but one which carries momentum. Also, documentation of the process and deliverables is key to developing a performance management system that is well understood and stands the test of time.
- Design a group of measures that tie together in a system. The system should measure the processes that deliver key outcomes. Strategies for improvement should drive change in those processes. The graphic below (Exhibit V1-b) illustrates how strategies, budgets and measures should work together.

**Exhibit V1-b  
Linked Performance  
Measurement System**



***Recommendation #4- The DOL should develop a standard and repeatable strategic planning process that links strategic plan, budget and performance measures.***

**Description:**

- Using Office of Financial Management guidelines and building upon experiences with recent plan development, the DOL should develop a standard and repeatable strategic planning process that is linked to budgeting and performance measurement processes.
  - The process should describe timeframes, roles & responsibilities.
  - The process should be documented and communicated to all parties.
- DOL should use a consistent set of performance measures for all published products, including the strategic plan, the budget, and any annual reports that are produced. Ideally, these measures should be a subset of the oversight measures that the agency will develop. (See Recommendation #1.)
- DOL should integrate strategic planning and performance measurement processes. Suggested steps for doing this include:
  - Define key stakeholder groups that benefit from the outcomes of the organization. (i.e. public at-large, or direct customers requiring drivers or vehicle licenses)
  - Define key outcomes required by each group. (i.e. safe roads, satisfactory service)
  - Define measures of these outcomes. (i.e. driving fatalities, satisfaction survey results)
  - If outcomes are long-term or not highly controllable – define outputs that clearly contribute to the outcomes. (i.e. % of DUI dismissals due to administrative failures, % of customers that wait 30 minutes or less for service)
  - Measure how well service delivery processes are working. (i.e. avg. cost per DUI hearing, supervisor quality rating of casework, avg. weighted cost of producing a driver's license that includes all service delivery modes (service office, mail, and Internet).
  - Define strategies for improving performance. Definition should include: what the strategy is, any investments necessary, and targets for key performance measures.
- DOL's strategic plans should include performance measures that are clearly linked to agency goals, initiatives, or strategies.
- DOL should ensure that performance measures are an integral component of agency budget requests.



**Potential Benefits:**

- Linkages between the strategic plan, budget, and performance measures will be clearly demonstrated.
- Strategic planning will become more efficient, since everyone will know what their roles and responsibilities are and the timing of specific events in the process.
- A strategic plan will be produced that not only fulfills the Office of Financial Management's requirements, but serves as a useful planning and communication tool for the agency.
- Oversight stakeholders will be able to easily link strategies with budget decision packages and performance measures that demonstrate results, allowing them to easily assess the return on investments.

**Supporting Findings**

- Management interviewed below the Assistant Director level is "aware of" the strategic plan. The strategic plan is not viewed as a driver of agency activities. (Vol. 2)
- The strategic planning process appears to be conducted differently each time it is performed. The agency appears to react to the Office of Financial Management instructions and meet the requirements as best as they can. (Vol. 2)
- The Performance Agreements are viewed as the primary planning and accountability tool among management interviewed. (Vol. 2)
- Interviews revealed that senior management have a very clear view of agency strategy. That vision seems to fade at lower levels within the organization. (Vol. 2)
- The DOL does appear to gather input from the front line service providers in the organization; however this process does not seem to be a systematic piece of the strategic planning process. (Vol. 2)
- The DOL's most recent strategic plan does not include performance measures. Performance measures appear in the budget request in the Agency Activity Inventory and appear in some, but not all, of the agency's budget decision packages. (Vol.2)
- Missouri Department of Revenue, Tennessee Department of Safety, and Virginia Department of Motor Vehicles successfully link performance measures to strategic plans and budgets. (Vol. 3)

**Project Scoping**

<b>Urgency:</b>	<b>Estimated Difficulty:</b>
Medium	Medium

**Implementation Timeframe:**

Complete before the next biennium strategic planning process begins.

**Suggestions for Implementation:**

- Review prior planning processes to determine what worked well and what could be improved.
- It is critical that the process is well-documented and communicated to those who will participate in it. Participants need to know the schedule of activities and understand their planning roles and responsibilities.
- The planning process should include a debrief at the end of each cycle to collect lessons learned and best practices and include them into the documented process for the next cycle.
- While internal or external consultant expertise and facilitation can make the process move more smoothly and help to maintain momentum, line management must retain responsibility and ownership of the process. Strategic planning is part of every manager's job.

***Recommendation #5 – The DOL should make measurement of customer satisfaction part of its normal operations.***

**Description:**

- DOL should conduct a regular assessment of customer satisfaction at each Licensing Service Office (LSO) and at all vehicle licensing venues (County Auditors, subagents, and the “County 40” counter in Olympia.)
  - Assessment techniques might include periodic transaction surveys (where short surveys are handed to all customers during a specific period of time), random sample surveys, or “mystery shoppers” that visit offices unannounced and assess their customer experience.
  - Surveys should be complete at least once per year in each office. This is necessary to ensure the agency is meeting its customer service objectives.
  - Surveys should be designed to help understand customer satisfaction with facilities and service levels.
- DOL should systematically collect, summarize and distribute findings from comment cards to LSOs.

**Potential Benefits:**

- Information about LSO customer satisfaction with services can be used in conjunction with wait time information to provide a more complete picture of LSO service quality.
- Senior management will gain additional insight into which offices, agents and subagents are meeting customer needs and which need improvement. Training can be tailored to meet specific needs, and best practices can be identified and shared.

**Supporting Findings**

- Customer satisfaction is a key performance focus of DOL. (Vol. 4)
- DOL is in the process of more systematically addressing concerns brought up in comment cards. Comment cards do provide feedback – however they are not good indicators of the “average” customer’s opinion and cannot be used to make generalizations about overall customer satisfaction. (Vol. 4)
- DOL conducted a random sample survey of its LSO customers in 2001 and has plans to conduct another survey in 2005. Surveys have been conducted infrequently, about once every four years. The 2005 survey will be funded by Savings Incentive Funding which is intended to be spent on one-time activities that will improve quality, efficiency, and effectiveness of customer services. These surveys are viewed as one-time projects and not part of an ongoing survey ongoing program. (Vol. 4)
- Service quality in the LSOs is not currently being monitored in a systematic sense. Supervisors rely on observation to assess service quality. (Vol. 4)

**Supporting Findings (continued)**

- Vehicle Licensing is currently developing a survey to assess customer satisfaction with County Auditor, subagent, and “County 40” services. Plans call for collecting information periodically throughout the year. (Vol. 4)

**Project Scoping****Urgency:**

Low – since plans for the 2005 survey are underway

**Estimated Difficulty:**

Medium – the cost of gathering customer input is not trivial

**Implementation Timeframe:**

An action plan and funding plan for regular annual assessments of customer perceptions should be developed by the end of 2005.

**Suggestions for Implementation:**

- There are many options for gathering customer perceptions. DOL should assess the options the costs, benefits and drawbacks of each to develop an affordable research plan.

***Recommendation #6 – The DOL should create a central repository for performance measures and related documentation.***

**Description:**

- The DOL should create a central repository for its oversight performance measures and data.
- The DOL should create repositories for the primary operating performance measures and data used by the Driver Services Division, Information Services Division, and Administrative Services Division.
  - In the short term, the repositories could be spreadsheet-based, similar to the Vehicle Services Division's Performance Monitoring & Reporting (PM&R) tool.
  - For each performance measure, the repository should include the measure name, a short definition of the measure, a benchmark/baseline, target(s) and actual performance data.
  - In the longer term, the DOL should make full use of Business Intelligence software to develop measure and data repositories that do not require manual entry of performance information.
- The DOL should fully document measure definitions, assumptions, data sources and calculations. This is extremely important to ensure that oversight agencies, management and staff understand the meaning of published performance information, and that performance data can be reliably collected and computed. (The PM&R spreadsheets are not suitable for this kind of detailed documentation.)
- The DOL should make performance measures, data, and documentation available to management and staff via the agency intranet.

**Potential Benefits:**

- Complete, up-to-date versions of performance information will be available to the agency. "Owners" of data should have less need to respond to ad-hoc requests for data.
- Staff will have the opportunity to better understand the meaning of agency performance data.
- Measure documentation will be valuable to the upcoming Business Intelligence project. This project will develop tools to aid performance management and analysis.
- Complete documentation helps to ensure that agency knowledge is retained when staff turnover occurs.

**Supporting Findings**

- Of the 56 performance measures that were reviewed in detail, only 14 or 25% were well-documented. The best-documented measures are those published in the Customer Service Center's and Information Services Division's Service Level Agreements. (Vol. 4)

### Supporting Findings (continued)

- Information about a performance measure's definition, calculations, assumptions, and data resides with a "measure owner". This individual must be contacted directly to obtain information, since there is no central repository for this kind of information. (Vol. 4)
- The Vehicle Services Division has created a central repository for its operating performance measures and data using the T.S. Marshall Associates Performance Monitoring & Reporting (PM&R) spreadsheet tool. Measures are available to management and staff. The spreadsheets provide a "comments" field that can be used for a basic description of each measure or a note about its calculation. Spreadsheets are not designed to capture complete measure documentation. (Vol. 4)
- Vehicle Services Division management recognizes the importance of maintaining documentation and plans to begin the process of creating formal measure descriptions and documenting calculations. (Vol. 4)

### Project Scoping

<b>Urgency:</b> Documentation: High. Should be completed before the requirements phase of the Business Intelligence Project. Repository: Medium	<b>Estimated Difficulty:</b> Medium
<b>Implementation Timeframe:</b> Six months for documentation. One year or less for repository.	
<b>Suggestions for Implementation:</b> <ul style="list-style-type: none"><li>➤ If feasible, the DOL should consider expanding the use of the PM&amp;R to Driver Services, Administrative Services, and Information Services Divisions (in that order).</li><li>➤ Measure documentation could be created in a Microsoft Word document(s), placed under version control, and made available to management and staff via the agency intranet.</li></ul>	

### ***III. Areas of Concern That Are Being Addressed by DOL***

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In our research, SMG did identify two areas of concern that have already gained the attention of DOL management. Since these issues are being addressed, we did not believe that a recommendation was warranted. They are:

- **The Drivers Examining Workload Model:** This model and its corresponding management reports are considered to be very important by LSO management. In fact, it is Driver Examining's primary management tool. Management uses the report to calculate each LSO's Wait Time (a weighted average of customer wait times) and Wait Time Grade (a letter grade that balances utilization and wait time.) We are concerned about this model for several reasons:
  - The Workload Model is very complex and not clearly understood by many of its users. We believe this could lead to misinterpretation of results and could also promote undesirable behaviors.
  - The model's primary performance measures may have outlived their usefulness, at least in their current form. The measures were developed years ago in reaction to long customer waits at LSOs.
  - The model addresses the relationship between utilization and wait times but does not address service quality and cost of service delivery. These factors are also important to the overall LSO service delivery equation.

We did not develop a recommendation to specifically address problems in the Workload Model because we believe that the DOL understands these concerns and is working to address them. The DOL has hired Dr. McKay of MJ McKay Corporation to update the workload model, verify its assumptions and fully document its assumptions and calculations. Dr. McKay will also re-examine the use of the Wait Time Grade.

SMG suggests that Dr. McKay look for ways to simplify the model's key performance measures and also advise the DOL on the appropriate use of the model's measures and data.

- **Performance Management Technology:** The majority of the department's performance reports are based in Excel spreadsheets, and require re-entry of data from production systems or entry of manually collected data. Some of these reporting systems are very complex which could make it very difficult to detect when formulas might be accidentally corrupted and result in inaccurate data. Many of these systems would be more efficient and effective if production systems provided direct downloads of data to more robust reporting technology.

We did not develop a recommendation regarding the agency's performance management technology because the agency is in the process of purchasing Business Intelligence software that is intended to improve and support the agency performance management and analysis. The Excel-based reporting currently in place will provide good input to the requirements definition phase of the Business Intelligence system.